

# EXHIBIT C-3

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COMMONWEALTH OF MASSACHUSETTS  
OFFICE OF THE SECRETARY OF THE COMMONWEALTH  
SECURITIES DIVISION  
ONE ASHBURTON PLACE - 17TH FLOOR  
BOSTON, MASSACHUSETTS 02108

IN THE MATTER OF:

TELEXFREE, INC.

Docket No. 2014-0004

ON-THE-RECORD INTERVIEW OF **ANGELO M. ALVES**, a  
witness called by and on behalf of The Office of the  
Secretary of State, Securities Division, One  
Ashburton Place, Boston, Massachusetts, before Dianne  
E. Brown, CVR-M, a Court Reporter and Notary Public  
in and for the Commonwealth of Massachusetts,  
commencing on Friday, March 14, 2014, at 10:08 a.m.

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ALSO PRESENT: Jane Lamb-Ruiz  
Universal Dialect

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P R O C E E D I N G S

Friday, March 14, 2014

10:08 a.m.

MR. LEONE: Good morning, we are now on the record. Today is March 14, 2014 and the timing is 10:09. An interpreter is present today to translate from English to Portuguese and vice versa. Ms. Interpreter, could you please identify yourself for the record?

THE INTERPRETER: Jane Lamb-Ruiz.

MR. LEONE: And would you please swear the interpreter in?

*JANE LAMB-RUIZ was sworn as the Portuguese Interpreter.*

MR. LEONE: This on-the-record investigative testimony is taken pursuant to the authority conferred on the Office of the Secretary of the Commonwealth. Do you understand that?

THE WITNESS: Yes.

MR. LEONE: My name is Anthony Leone, I'm an attorney with the Massachusetts

1           Securities Division. With me today is  
2           William Neelon, an attorney with the  
3           Division. Do you understand that your  
4           testimony today is pursuant to a subpoena?

5           MR. THEODOROU: You have to answer yes  
6           or -- you have to answer; you've got to say  
7           it.

8           THE WITNESS: Yes.

9           MR. LEONE: Do you consent to being  
10          placed under oath?

11          THE WITNESS: Yes.

12          MR. LEONE: Would you please place the  
13          witness under oath?

14  
15                 **ANGELO M. ALVES**, having been  
16          satisfactorily identified by the production  
17          of his Massachusetts Driver's License and  
18          duly sworn by the Court Reporter through the  
19          Portuguese Interpreter, was examined and  
20          testified as follows:

21  
22          (BY MR. LEONE)

23          Q.    Could you please state and spell your full  
24          name for the record?

1           A.    Angelo Alves, A-N-G-E-L-O A-L-V-E-S.

2                   MR. LEONE:   Thank you.   A few ground  
3                   rules:   The Division controls the record; we  
4                   will only go on or off the record at the  
5                   direction of either Bill or myself.   If you  
6                   need to take a break at any time please let  
7                   us know and we will do so; however, if a  
8                   question remains pending you must answer the  
9                   question before taking a break.   Please  
10                  answer all questions verbally; nonverbal  
11                  answers aren't reflected, such as the book  
12                  was this high.   Do not begin providing an  
13                  answer until the question has been completed.  
14                  If you do not understand a question let us  
15                  know and we will try to rephrase it; however,  
16                  if you answer a question we will interpret  
17                  that to mean that you have understood the  
18                  question.   Please provide answers to all  
19                  questions on an if-you-know basis unless we  
20                  ask you to estimate.

21                  THE INTERPRETER:   If you know and then  
22                  what's the second?

23                  MR. LEONE:   We will try to rephrase the  
24                  question.   When using the proper name of an



1 individual or place for the first time,  
2 please state it and spell it. Please let the  
3 interpreter or the court reporter know if we  
4 are talking too fast and we will try to slow  
5 down. If anyone in the room has a cell  
6 phone, please turn it off or put it on silent  
7 mode.

8 Mr. Alves, your testimony has been  
9 requested by the Division as part of an  
10 inquiry as to whether there have been  
11 violations of the Massachusetts Uniform  
12 Securities Act. Do you understand that?

13 THE WITNESS: Yes.

14 MR. LEONE: However, the facts developed  
15 in this investigation might constitute  
16 violations of other state or federal criminal  
17 or civil laws. Mr. Alves, do you understand  
18 that you may assert your rights under the  
19 Fifth Amendment of the United States  
20 Constitution and Article 12 of the  
21 Massachusetts Declaration of Rights?

22 THE WITNESS: Yes.

23 MR. LEONE: And as such you may refuse  
24 to answer any question which may tend to

1           incriminate you. Do you understand that?

2           THE WITNESS: Yes.

3           (BY MR. LEONE)

4           Q. Mr. Alves, are you being represented by  
5           counsel today?

6           A. Yes.

7           MR. LEONE: And, Counsel, could you both  
8           identify yourselves for the record, please?

9           MR. THEODOROU: Nicholas Theodorou,  
10          Foley Hoag LLP.

11          MS. HOLLAND: And Elizabeth Holland,  
12          Foley Hoag LLP.

13          MR. LEONE: All right, and starting with  
14          you, Mr. Theodorou, do you represent Mr.  
15          Alves in his individual capacity today?

16          MR. THEODOROU: I do.

17          MR. LEONE: Is there any other person or  
18          entity that you are representing today?

19          MR. THEODOROU: No.

20          MR. LEONE: Ms. Holland, do you  
21          represent Mr. Alves in his individual  
22          capacity today?

23          MS. HOLLAND: Yes, I do.

24          MR. LEONE: Is there any other person or

1 entity that you are representing today?

2 MS. HOLLAND: No.

3 (BY MR. LEONE)

4 Q. Mr. Alves, do you understand that giving  
5 testimony under oath as you are today  
6 subjects you to the pains and penalties of  
7 perjury?

8 A. Yes.

9 MR. LEONE: Even though we have  
10 subpoenaed your testimony today you should  
11 understand that in addition to answering  
12 questions from the Division this is your  
13 opportunity to provide any exculpatory  
14 information that you may have.

15 THE INTERPRETER: Is that written down?

16 MR. LEONE: I will break the sentence  
17 down. Even though we have subpoenaed your  
18 testimony today you should understand that in  
19 addition to answering questions this is your  
20 opportunity to present any exculpatory  
21 information that you may have.

22 MR. THEODOROU: Do you define  
23 exculpatory?

24 MR. LEONE: We do not define exculpatory

1 in particular. If there's any information  
2 that Mr. Alves --

3 MR. THEODOROU: May I have an  
4 opportunity to define it for my client?

5 MR. LEONE: We can give you an  
6 opportunity. Would you like an opportunity  
7 now, Counsel?

8 MR. THEODOROU: Just one minute; we can  
9 step outside.

10 MR. LEONE: Certainly. Let me finish  
11 the instructions and then we can --

12 MR. THEODOROU: Okay.

13 MR. LEONE: -- take a quick moment to  
14 step outside and go off the record.

15 MR. THEODOROU: I mean I'll take him  
16 out.

17 MR. LEONE: Okay.

18 (BY MR. LEONE)

19 Q. With those understandings are you prepared to  
20 proceed today, Mr. Alves?

21 A. Yes.

22 Q. Mr. Alves, is there anything that could  
23 affect your ability to testify truthfully and  
24 competently today?

1 A. No.

2 MR. LEONE: The time is now 10:20, we'll  
3 step off the record for one moment.

4 (Whereupon, the parties go off the  
5 record.)

6 MR. LEONE: All right, the time is now  
7 10:21, we are back on the record.

8 (BY MR. LEONE)

9 Q. Mr. Alves, prior to coming here today, other  
10 than counsel that's present here, who else is  
11 aware that you're providing testimony to the  
12 Massachusetts Securities Division?

13 A. My wife.

14 MR. THEODOROU: And your company.

15 THE WITNESS: Oh.

16 MR. THEODOROU: We want to add fully.

17 (BY MR. LEONE)

18 Q. Okay, Mr. Alves, you testified that your wife  
19 knows that you were aware about testimony  
20 today; is there anyone else?

21 A. Yes, the company because when I received the  
22 subpoena I went to the office and showed it  
23 to them.

24 Q. Okay, let's start with your wife; what is

1 your wife's name?

2 A. Vanessa Moreira, V-A-N-E-S-S-A M-O-R-E-I-R-A.

3 Q. When did she first learn that you were going  
4 to provide testimony in front of the  
5 Division?

6 A. After I told the company --- showed -- or  
7 told the company about the letter.

8 Q. And when you say the company what do you  
9 mean?

10 A. TelexFREE.

11 Q. When did you tell TelexFREE that you were  
12 coming in to provide testimony?

13 A. It was five days after I received the letter.

14 Q. And who did you tell at TelexFREE?

15 A. When I went there I talked to a secretary  
16 called Andrea.

17 Q. When you went where?

18 A. To the office in Marlborough.

19 Q. Did you speak with anyone other than the  
20 secretary named Andrea?

21 A. Yes.

22 Q. And with whom did you speak?

23 A. Carlos Wanzeler; he called me.

24 Q. And could you spell Mr. Wanzeler's name for

1 the record?

2 A. C-A-R-L-O-S, Carlos, and Vaseler,  
3 V-A-S-E-L-E-R.

4 Q. And did you say that Mr. Wanzeler called you?

5 A. Andrea called me and then she put him on the  
6 line and we were all three on the line.

7 Q. So did you travel to TelexFREE's office or  
8 did you call?

9 A. I went to the office and I showed her the  
10 letter and two or three hours later she  
11 returned my call.

12 Q. What did she initially say to you, Andrea;  
13 what did Andrea initially say to you?

14 A. She said that I had been called to give my  
15 testimony with regard to the company.

16 Q. Did she say that after you showed her the  
17 letter or before?

18 A. After.

19 Q. And then did you leave the office after  
20 showing her the letter?

21 A. Yes.

22 Q. And where were you when the secretary called  
23 you?

24 A. She called me asking me if I could come back

1 to the office and as I live far away I said  
2 that was a bit hard to do; that's when she  
3 asked me to hold on and then she got him,  
4 Carlos, on the line.

5 Q. And then you spoke with Carlos?

6 A. Yes.

7 Q. And could you describe that conversation?

8 A. He told me to -- he called me to say to be --  
9 to not worry, because I had gone there and I  
10 was worried, and that they wanted to get my  
11 testimony about what the company was about,  
12 about the telephone service that I use to  
13 call my father and brothers in Brazil, which  
14 is the product that the company has.

15 Q. Anything else on the call?

16 A. And he said that I wasn't to use the word  
17 investment.

18 Q. Why would he say that?

19 A. When I asked him why shouldn't I use that  
20 word he said to me, "Is it an investment?" I  
21 said no because I work for the company I can  
22 use the ads.

23 Q. How could you use the ads?

24 A. Because the ads are the telephone plan that I



1 sell.

2 Q. How long did the call last?

3 A. Five minutes.

4 Q. What time of day was the call?

5 A. After lunch sometime, I don't remember.

6 Q. Going back to when you went to the offices,  
7 not the building, but could you describe the  
8 offices of TelexFREE within the building?

9 A. On the first floor there's an announcement  
10 that says that it's under construction and  
11 that they're expanding their office space;  
12 and on the second floor are the people that  
13 work there that -- the people that work  
14 there.

15 Q. Did you go into the offices on the first  
16 floor?

17 A. No, it's under construction. I didn't know  
18 my way around there and so I saw that there  
19 was a thing that said under construction; it  
20 was the first time I'd been there, so then I  
21 figured out to go upstairs.

22 Q. What thing did you see that said under  
23 construction?

24 A. They were putting out tables and computers.

1           They were in the process of putting up tables  
2           and computers.

3       Q.   Who is they?

4       A.   I got there, there was a glass door and there  
5           was an announcement on the glass door; there  
6           was nobody there so I asked for information  
7           and I went up to the second floor.

8       Q.   Could you see through the glass door?

9       A.   Yes.

10      Q.   And what did you see inside?

11      A.   There were some tables and there were some  
12           cans of paint.

13      Q.   Were there any people in there?

14      A.   No.

15      Q.   How big was the office, could you see?

16      A.   It was -- the size of it was about 10 rooms  
17           this size.

18      Q.   And there was no one in there?

19      A.   No.

20                   MR. THEODOROU: For the record 10 rooms  
21           this size relates to the size of the current  
22           conference rooms that we are in.

23      (BY MR. LEONE)

24      Q.   Would you say that there were 10 rooms

1 approximately 10 by 10 feet?

2 A. Right.

3 Q. And so to be clear, there was no one in the  
4 office, correct?

5 A. On the first floor, but on the second floor  
6 there were people; there was not only Andrea,  
7 there were other people.

8 Q. On the first-floor office was there a sign?

9 A. Yes, there was a thing on the door with the  
10 name of the company.

11 Q. Did you try to open up the door?

12 THE INTERPRETER: He knocked on the door  
13 and he saw there was nobody there.

14 MR. THEODOROU: That was good, I thought  
15 you were going to translate it for him.

16 (BY MR. LEONE)

17 Q. And so then after you went to that door how  
18 did -- why did you go upstairs?

19 A. Because I asked for information where was the  
20 office of TelexFREE.

21 Q. And who did you ask?

22 A. There was a guy going by and I asked him if  
23 he knew where the office was.

24 Q. Did that individual work in the building?

1 A. I don't know; he was coming into the  
2 building.

3 Q. And when you went upstairs was there a sign  
4 for TelexFREE?

5 A. Yes.

6 Q. Where was that sign?

7 A. It was on the door of the second floor.

8 Q. The second-floor door, was it like the first-  
9 floor door, a glass door?

10 A. There's a reception area where you go in and  
11 there's a person there, a receptionist.

12 Q. Was it a TelexFREE person in the reception  
13 area?

14 A. I don't know. I went in there and I said I  
15 wanted to speak to somebody from TelexFREE  
16 and she made a call and then she escorted me  
17 in.

18 Q. Escorted you in to where?

19 A. To a room.

20 Q. How big was the room?

21 A. Half the size of this room.

22 Q. And could you describe that size in terms of  
23 feet?

24 A. Eight by 10.

1 Q. And what was in that room?

2 A. There was a table, a computer, and three or  
3 four chairs.

4 Q. And was there any TelexFREE signs in there?

5 A. I don't remember. I don't remember. I don't  
6 recall. When I came into the reception area  
7 there was a list of -- a list with the  
8 company information on it and then...

9 Q. So the second-floor office there was a list  
10 of companies, correct?

11 A. Yes.

12 Q. Do you remember how many?

13 A. No.

14 Q. Could you guess?

15 A. No, I saw the names but I already knew that  
16 the place I wanted was there so -- 'cuz I'd  
17 asked the guy on the first floor, the  
18 gentleman.

19 Q. Let's back up; were there more than 10 names  
20 on the list?

21 A. I don't recall.

22 Q. What did the list look like?

23 A. It was a sheet of paper with names on it.

24 Q. Where was the sheet of paper?

1 A. There was a window, a glass window, and it  
2 was stuck on the glass window.

3 Q. Where was the window?

4 A. On the second floor area in the reception, at  
5 reception. Okay, it wasn't a window, there  
6 was a door and then next to the door is the  
7 glass.

8 Q. How did you get upstairs from the first floor  
9 to the second floor?

10 A. I went by the stairway.

11 Q. And after you got off the stairway where did  
12 you go?

13 A. The guy said to me you go up the stairs, you  
14 just come out the stairs and go to the end of  
15 the corridor and you'll find the office of  
16 TelexFREE.

17 Q. On the second floor after the reception you  
18 went in a room, correct?

19 A. Yes.

20 Q. How many people were in that room?

21 A. On that day I had a friend with me so there  
22 was me, my friend, and the person that came  
23 to deal with us, talk to us.

24 Q. And what was that person's name that came to

1 talk with you?

2 A. I don't know his name; I showed him the  
3 letter and he showed it to Andrea.

4 Q. So was Andrea there as well?

5 A. No. He said to me she would call me back --  
6 she would call me.

7 Q. How did you know that that man worked for  
8 TelexFREE?

9 A. Because when the girl said there was someone  
10 to see somebody from TelexFREE he was the  
11 person who came out and attended me, took me  
12 into the room. He was the one who took the  
13 letter and showed it to her and then he said  
14 she would call me back.

15 Q. How do you know that that man showed the  
16 letter to Andrea?

17 A. Because he left the room and he went to  
18 another room and then he came back. I didn't  
19 see her, I only talked to her on the phone.

20 Q. The room that you were in, were there any  
21 pictures on the wall, anything like that?

22 A. No.

23 Q. Was there a computer in the room?

24 A. Yes, there was a computer on the table.

1 Q. And there was a phone in the room?

2 A. Yes.

3 Q. But the man went to another room to make the  
4 call?

5 A. I think he showed the letter to her; he went  
6 out and then he came back.

7 Q. What was your friend's name?

8 A. Elson, E-L-S-O-N.

9 Q. And what's Elson's last name?

10 A. I don't know exactly.

11 Q. How long have you been friends with him?

12 A. Like five or six months; I met him at church.

13 Q. So you've been friends with him for five or  
14 six months but you do not know his last name?

15 A. I don't know his last name specifically. I  
16 don't know if it's Maforte, M-A-F-O-R-T-E.

17 MR. THEODOROU: So you believe it's  
18 Maforte?

19 THE WITNESS: Yeah.

20 (BY MR. LEONE)

21 Q. Do you have his cell phone number?

22 A. Yes.

23 Q. Why did he come with you, Ellison?

24 A. Because I called him to go with me and he



1           said he would.

2           Q.    You said that you met Ellison at church,  
3           right?

4                   MR. THEODOROU:  Is his name Ellison or  
5           Elson?

6                   THE WITNESS:  Elson.

7                   MR. THEODOROU:  E-L-S-O-N?

8                   THE WITNESS:  Yes.

9                   MR. THEODOROU:  Elson.

10          (BY MR. LEONE)

11          Q.    Elson, you met Elson at church, sorry?

12          A.    Yes.

13          Q.    Which church?

14          A.    Assembly of God.

15          Q.    And where is that church located?

16          A.    In Malden.

17          Q.    Do you know the address?

18          A.    Number 2 Elm Street.

19          Q.    And how long -- do you go to that church as  
20          well?

21          A.    Yes.

22          Q.    And how long have you gone to that church?

23          A.    A year and a half.

24          Q.    How often do you go there?

1 A. Two or three times a week.

2 Q. And does Elson also go two or three times a  
3 week?

4 A. Sometimes.

5 Q. Moving forward, prior to coming here today,  
6 other than documents which counsel may have  
7 shown you which I do not want to know about,  
8 what other documents did you review, if any?

9 A. No, there was no documents.

10 Q. Mr. Alves, what's your date of birth?

11 A. August 29, 1983.

12 Q. And where were you born?

13 A. Brazil.

14 Q. Where in Brazil?

15 A. In the state of Minas Gerais, G-E-R-A-I-S.

16 Q. And is there a particular city or town?

17 A. Itanhomi, I-T-A-N-H-O-M-I.

18 Q. Mr. Alves, have you ever gone by any other  
19 name or names?

20 A. No.

21 Q. So only Angelo M. Alves, correct?

22 A. Yes.

23 Q. Where do you currently live?

24 A. Malden.

1 Q. What is your address?

2 A. Twenty-three Bainbridge Street.

3 Q. Malden, Massachusetts, correct?

4 A. Yes.

5 Q. Do you live there with your wife?

6 A. Yes, and my son.

7 Q. And how long have you lived at Bainbridge  
8 Street?

9 A. Five-and-a-half years.

10 Q. Where did you live before Bainbridge Street?

11 A. 756 Broadway in Everett, Massachusetts.

12 Q. And how long did you live there?

13 A. Four years.

14 Q. Did you live at the Broadway Everett address  
15 with anyone else?

16 A. My wife.

17 Q. Anyone other than your wife?

18 A. No, because when my son was born a few months  
19 later we moved.

20 Q. Where did you live prior to the Everett  
21 location?

22 A. On Florence Street in Everett.

23 Q. How long did you live there?

24 A. A year and a half.

1 Q. And did you live there with anyone else?

2 A. No, only my wife.

3 Q. When did you move to the U.S.?

4 A. At the end of 2003.

5 Q. Where did you first live when you came to the  
6 United States?

7 A. I spent some time, some months at the house  
8 of a friend in Philadelphia, I don't remember  
9 the address, and then I came to my cousin's  
10 house.

11 Q. Okay, starting with the Philadelphia  
12 residence, what was your friend's name?

13 A. Nilson, N-I-L-S-O-N, Fonseca, F-O-N-S-E-C-A.

14 Q. And how did you know Nilson?

15 A. From Brazil I knew him.

16 Q. So Nilson had already come to the United  
17 States?

18 A. Yes.

19 Q. And, I'm sorry, after Philadelphia then you  
20 moved in with relatives; is that correct?

21 A. With my cousin, yes.

22 Q. And where was that?

23 A. In Everett at 912 Broadway. I was there for  
24 some months with him and then I moved with my

1 wife.

2 Q. What was your cousin's name?

3 A. Charlie Santos.

4 Q. Does he go by any other name?

5 A. No.

6 Q. Mr. Alves, what do you do for work right now?

7 A. I was working in construction plastering, but  
8 my arm is infected so it's been a month that  
9 I haven't worked.

10 Q. Prior to your being injured how long had you  
11 been a plasterer?

12 A. Since 2004.

13 Q. And did you work for yourself?

14 A. I started a company, then I worked for  
15 myself, then I went back to the company.

16 Q. What was the company you started?

17 A. JR Plastering.

18 Q. That's JR Plastering?

19 MR. THEODOROU: I think she said he  
20 started the company; he didn't start the  
21 company. You didn't start the company?

22 MS. HOLLAND: I think there was a  
23 mistranslation.

24 MR. LEONE: Let's see if we can try to

1 clarify this.

2 MR. THEODOROU: Yeah, worked, he worked  
3 for JR Plastering.

4 MS. HOLLAND: I just -- I think there was  
5 a little lost there.

6 (BY MR. LEONE)

7 Q. Okay, have you --

8 MR. THEODOROU: Listen to what he's got  
9 to say because you're able to --

10 (BY MR. LEONE)

11 Q. Since 2004 you've been working as a  
12 plasterer, correct?

13 A. Yes.

14 Q. And did you work for anyone?

15 A. Yes.

16 Q. Who did you work for?

17 A. Junior Plastering.

18 MR. THEODOROU: Junior or JR?

19 A. First for JR, then I went to work for the  
20 son.

21 (BY MR. LEONE)

22 Q. And what was the son's name?

23 A. Junior.

24 Q. What was his full name?

1 A. Michael Rof Jr., R-O-F.

2 Q. And how long did you work for that company?

3 A. The first company I worked for for a year and  
4 a half, then I left the company, then I went  
5 back to the company to work for the son and I  
6 worked for five years.

7 Q. So if my math is right that brings us up to  
8 about 2009, correct?

9 A. When I went to -- when I stopped working for  
10 the son I went to work for myself and help  
11 my -- and I also help my wife.

12 Q. Did you have a company name when you worked  
13 for yourself?

14 A. No.

15 Q. Have you ever started a company?

16 A. No.

17 Q. Have you ever incorporated any entity in  
18 the -- in Massachusetts?

19 A. What do you mean a company?

20 Q. I believe what I said was have you ever  
21 incorporated an entity here in Massachusetts?

22 MR. THEODOROU: Incorporated; have you  
23 ever filed any papers to set up a company in  
24 Massachusetts?

1 THE WITNESS: Yes.

2 MR. THEODOROU: You set up a company?

3 (BY MR. LEONE)

4 Q. What was the name of the company?

5 A. AMA Painting Services.

6 Q. When did you set up the AMA Painting  
7 Services?

8 A. 2007, I think.

9 Q. And is that company still in existence?

10 A. No.

11 Q. Did you set that company up with anybody  
12 else?

13 A. No.

14 Q. Have you set up any other companies in  
15 Massachusetts?

16 A. No.

17 Q. Has anyone else ever set up a company in  
18 Massachusetts that you have been involved in?

19 A. No.

20 Q. Do you have a personal telephone number?

21 A. Yes.

22 Q. What is it?

23 A. 617-438-9124.

24 Q. And what kind of phone number is that?



1 A. The company or the kind of phone?

2 Q. Well, the company first; what company is that  
3 with?

4 A. Sprint.

5 Q. And is that a landline or a cell phone?

6 A. Mobile cell phone.

7 Q. Do you have any other personal telephone  
8 numbers?

9 A. No.

10 Q. Does your wife have a separate telephone  
11 number?

12 A. Yes.

13 Q. What is that number?

14 A. 857-249-3279.

15 Q. And what company is that number with?

16 A. Sprint.

17 Q. And is that also a mobile phone?

18 A. Yes.

19 Q. When you were working as a plasterer did you  
20 have a work telephone number as well?

21 MR. THEODOROU: For which period of  
22 time?

23 (BY MR. LEONE)

24 Q. Let's start with the last two years?

1 A. No.

2 Q. So you only used the Sprint mobile number  
3 617-438-9124?

4 A. Yes.

5 MR. LEONE: Okay, the time is now 11:02,  
6 let's go off the record for a minute.

7 (Whereupon, the parties go off the  
8 record.)

9 MR. LEONE: The time is 11:12. We are  
10 now back on the record.

11 (BY MR. LEONE)

12 Q. Mr. Alves, how did you learn about TelexFREE?

13 A. I heard people talking about it; there was  
14 some comments on Facebook, too, and a friend  
15 of mine was already in it. He called me the  
16 first time to say come on -- to get into it  
17 and I said no, I didn't want to. That was a  
18 about a year, a little less than a year ago.  
19 And then I heard people talking about it; I'd  
20 go to a party or to a birthday party and I'd  
21 hear people commenting on it, so that's when  
22 four months I decided to become part of it.  
23 Before that I went onto the Internet and I  
24 looked at YouTube videos and I saw how it

1           worked and...

2           Q.    Okay, let's start from when you first, I  
3               believe you testified, heard people talking  
4               about it; when was that?

5           A.    A year and a half ago was the first time I  
6               heard it mentioned.

7           Q.    And where did you hear people talking about  
8               TelexFree?

9           A.    In the street or at parties, like a birthday  
10           party.

11          Q.    Anywhere else?

12          A.    No; that's when I went to the Internet and  
13               did some research on it.

14          Q.    When you first heard about it did you ask any  
15               questions about TelexFREE?

16          A.    No, I only said I didn't -- I wasn't  
17               interested.

18          Q.    Did people try to get you involved with  
19               TelexFREE when you first heard about it about  
20               a year and a half ago?

21          A.    No, when I said I didn't want to, he didn't  
22               mention it again.

23          Q.    Who is he?

24          A.    Somebody I met at a party I didn't know; at a

1 birthday party I went to, I didn't know him;  
2 and when I decided to participate it was a  
3 friend of mine, we go to the same church and  
4 his name is Zander, Z-A-N-D-E-R, Lemos, L-E-  
5 M-O-S, yes.

6 MR. THEODOROU: L-E?

7 THE WITNESS: M-O-S.

8 (BY MR. LEONE)

9 Q. And is that the same church that you  
10 mentioned before that you go to?

11 A. Yes.

12 Q. Were a lot of people at the church involved  
13 in TelexFREE?

14 A. No; it's a small church, there are only 40  
15 members.

16 Q. Out of 40 members how many were involved in  
17 TelexFREE or are involved in TelexFREE today?

18 MR. THEODOROU: As best you can recall,  
19 about how many or how many?

20 A. Ten people.

21 (BY MR. LEONE)

22 Q. So you would estimate that 10 out of about 40  
23 people at your church are in TelexFREE?

24 A. Yes. We don't talk about this at church.

1 Q. Do you know who the first person was from  
2 church that got involved in TelexFREE?

3 A. No.

4 Q. And when did you join TelexFREE?

5 A. End of November, beginning of December.

6 MR. THEODOROU: Not -- you didn't join,  
7 your wife wanted to join.

8 THE WITNESS: Yes, yeah.

9 (BY MR. LEONE)

10 Q. So -- go ahead.

11 A. It was my wife; at the beginning I didn't  
12 want to have anything to do with it. She  
13 wanted to get into it; at first I didn't, so  
14 she doesn't do anything on computers, she  
15 doesn't understand about computers.

16 MR. THEODOROU: That's your wife.

17 A. I'm sorry, I don't understand about -- no,  
18 she doesn't understand, excuse me, so then we  
19 decided to get into TelexFREE.

20 (BY MR. NEELON)

21 Q. Why did your wife want to join TelexFREE?

22 A. Because of the comments that she heard of the  
23 expectation that one could earn extra money.

24 Q. What were the comments that she heard?

1           A.    The comments she heard was that people were  
2                making extra money, changing their lives, no,  
3                not changing their lives, but making more  
4                money than they did.

5           (BY MR. LEONE)

6           Q.    And so is it fair to say you started to have  
7                conversations with your wife about TelexFREE  
8                in November of 2013?

9           A.    When we -- yes, when we started -- when we  
10                decided to be part of TelexFREE.

11          Q.    Do you know the date that you joined  
12                TelexFREE?

13          A.    Not the exact date.

14          Q.    How about the month?

15          A.    End of November.

16          Q.    End of November 2013?

17          A.    2013.

18                MR. THEODOROU: I just want to clarify  
19                for the record the account is in his wife's  
20                name, just so you -- clarify that.

21                MR. LEONE: Understood.

22          (BY MR. LEONE)

23          Q.    When you and your wife, the account is in  
24                your wife's name, joined, what did you

1 understand TelexFREE to be?

2 A. He said to me that it was a way of making  
3 money but I thought it was a pyramid and that  
4 somebody was going to get hurt; that was what  
5 I thought when I got the first invitation.

6 Q. And why did you think it was a pyramid,  
7 TelexFREE?

8 A. Because in the way I was seeing it, it was a  
9 way to make money easily, to make a quick  
10 buck.

11 (BY MR. NEELON)

12 Q. What changed your mind to make you think it  
13 was not a pyramid scheme?

14 A. When I went to the Internet and I saw how it  
15 worked and that there was in fact a product.

16 (BY MR. LEONE)

17 Q. How much did you and your wife initially  
18 invest in TelexFREE?

19 A. Four thousand two hundred and sixty-five  
20 dollars -- seventy-five.

21 Q. When you joined did you sign any contract?

22 A. Yes, I clicked on join on the Internet. I  
23 clicked on the agreement on the Internet.

24 Q. Did you read the agreement?

1 A. No.

2 Q. And what did you get for the two thousand --  
3 \$4,275?

4 A. The beginning?

5 Q. Yes.

6 A. Two hundred and eighty dollars.

7 Q. How did you get \$280?

8 A. Because when I bought the packages I got a  
9 hundred dollars on the -- when I bought the  
10 three packages I got a hundred dollars on the  
11 second, a hundred dollars on the third, and  
12 80 from a binary, from the binary one.

13 Q. So the \$4,275 went to buying three packages,  
14 correct?

15 A. Yes.

16 Q. And what do you mean by a package?

17 A. Each package is a plan that I sign for one  
18 year which is a product and which I have the  
19 right to sell for one year.

20 Q. Do the packages have a name?

21 A. They're called Family.

22 Q. So these Family Packages, what was that  
23 package?

24 A. I don't know pretty much what -- I don't know



1 exactly what it's about. I posted the ads on  
2 the Internet and then what I get is the right  
3 to sell the package over the -- to sell the  
4 product.

5 Q. So by posting ads you get the right to sell  
6 the product; do you get anything else?

7 A. No, when I play the Family Package --

8 THE INTERPRETER: Can I ask him to start  
9 again?

10 A. When I get the Family that gives me the right  
11 to post the ads seven days a week and that  
12 pays me \$7 per package, sorry, per -- a week.

13 MR. THEODOROU: How much a week?

14 THE INTERPRETER: Oh, a hundred dollars,  
15 a hundred dollars a week.

16 MR. LEONE: Okay.

17 THE INTERPRETER: Sorry.

18 (BY MR. LEONE)

19 Q. How many ads do you post per day?

20 A. Five for each, 15 total.

21 Q. And how do you post the advertisements?

22 A. Before I used to go to back office, choose a  
23 site, and validate the offer -- the ads  
24 because in the contract if I don't do it

1 every day, if I miss one day I don't get  
2 money for that week. So I started using a  
3 service where they do it, they post  
4 automatically for me. I pay 495 per package  
5 per month for them to post for me.

6 Q. To back up, do you write the advertisements?

7 A. No, I go to the computer, I copy it, and then  
8 I send it via the computer.

9 Q. Do you know who writes the advertisements?

10 A. No.

11 Q. How do you know where to post the ad?

12 A. Because on the back office there's a page  
13 where the sites are and it allows you to  
14 validate and then it sends them out  
15 automatically for posting.

16 Q. When you were posting the advertisements  
17 yourself how long did that take per day?

18 A. From three to eight or 10 minutes; it depends  
19 on if the Internet is going slow or not that  
20 day, it can take more or less time.

21 Q. And I believe you testified that now you use  
22 a service to post the ads, right?

23 A. Yes.

24 Q. And could you describe how that works?

1           A.    It's called Telex EZ; you put in your  
2                   password and your login and it will  
3                   automatically do it for you and you pay by  
4                   PayPal.

5           Q.    Does TelexFREE have a Web site?

6           A.    Yes.

7           Q.    What is the Web site?

8           A.    TelexFREE.

9           Q.    Is it TelexFREE.com?

10          A.    Yes.

11          Q.    Did you help create that Web site?

12          A.    No.

13          Q.    So I believe you mentioned that there's the  
14                  advertisement part of the package but there's  
15                  also the product, correct?

16          A.    Yes.

17          Q.    What is the product?

18          A.    It's V-O-I-P; you can use it to call more  
19                  than 40 countries and I use it to call my  
20                  family in Brazil two or three times a week.

21          Q.    How many V-O-I-P packages do -- excuse me,  
22                  how many V-O-I-P programs do you get with the  
23                  three Family Packages that you purchased?

24          A.    For my use?

1 Q. In total.

2 A. It's five a week.

3 Q. So you get five new V-O-I-P packages a week?

4 A. Yes.

5 Q. How many do you start off with? How many  
6 V-O-I-P programs do you start off with when  
7 you invested 4,275?

8 A. Okay, I bought one and if you keep doing it  
9 five days a week for seven days -- no, seven  
10 days for a week, at the end of the week you'd  
11 get five, of which I sell the products and  
12 that's where the hundred dollars per week  
13 comes from; 29.99 goes to Telex and she pays  
14 me -- and it pays me 20.

15 Q. So do you sell the product back to Telex?

16 A. No, it pays me to sell a product.

17 Q. I'm a little unclear. What happens to the  
18 five new V-O-I-P programs you get per week?

19 A. Those are the ones that I'm selling when I  
20 post the ads.

21 Q. How do you know that you've sold those  
22 products?

23 A. Because once a week there's a way to  
24 repurchase so I go to back office and I

1 repurchase them.

2 Q. You repurchase the five ads that you get per  
3 week?

4 A. Yes, because when I sell them it's 49.95 --  
5 99; 29.99 goes to the company and they pay on  
6 to me 20 which is -- corresponds to five ads  
7 per day and that gives me \$20 per ad which is  
8 a hundred dollars per week.

9 (BY MR. NEELON)

10 Q. So when you hit repurchase you don't know  
11 where -- do you know who's buying those  
12 packages?

13 A. No.

14 (BY MR. LEONE)

15 Q. How many V-O-I-P package -- programs have you  
16 sold?

17 A. I don't have the count of how many.

18 Q. Let's break it down. I believe you testified  
19 that you bought one for yourself, correct?

20 A. Yes.

21 Q. Have you sold any others -- any other  
22 V-O-I-P programs within the last month?

23 A. Outside the company --

24 Q. Yes.

1 A. -- or with the exception of the company?

2 Yes, I did.

3 Q. How many?

4 A. Ten or 12.

5 Q. And who did you sell those to?

6 A. I buy it every month for \$50 and then I use  
7 or my wife or cousin uses it.

8 Q. Okay, let's -- maybe this will make sense --

9 MR. THEODOROU: So they want to know --

10 (BY MR. LEONE)

11 Q. -- how many unique packages do you sell?

12 MR. THEODOROU: Well, I was going to  
13 ask --

14 MR. LEONE: Go ahead, Counsel.

15 MR. THEODOROU: I don't mean to -- so 10  
16 or 12 outside of the company off the ad, go  
17 through with him who, you know, bought, okay,  
18 go through the list.

19 THE WITNESS: My wife, Eva Oliveira --

20 MR. THEODOROU: Is that what -- is that  
21 the focus that you want to know right now?

22 MR. LEONE: We'll clean it up, but this  
23 is good, yeah.

24 MR. THEODOROU: Go ahead, go through,

1 your wife...

2 THE WITNESS: My wife; Eva, E-V-A,  
3 Oliveira, O-L-I-V-I-E-R-A, I mean E-I-R-A;  
4 Fabio Silva, F-A-B-I-O, Silva, S-I-L-V-A;  
5 Aguinaldo, A-G-U-I-N-A-L-D-O; Antonio Alves;  
6 Arnaldo Souza, S-O-U-Z-A; I'm not sure of the  
7 last name, Eliana, E-L-I-A-N-A; Joao,  
8 J-O-A-O, Moreira, M-O-R-E-I-R-A; and Watson,  
9 Henrique, H-E-N-R-I-Q-U-E.

10 MR. THEODOROU: Watson Henrique?

11 THE WITNESS: Yeah.

12 MR. THEODOROU: Okay, Watson, Sherlock  
13 Holmes, go ahead, thanks.

14 (BY MR. LEONE)

15 Q. Who is Antonio Alves?

16 A. He's in Brazil; it's my cousin.

17 Q. So I believe that you named about nine?

18 A. My wife.

19 Q. Including your wife.

20 A. My cousin, too.

21 Q. Right.

22 THE INTERPRETER: You can speak  
23 Portuguese.

24 (BY MR. LEONE)

1 Q. These individuals that you listed, are they  
2 buying the program every month?

3 A. The VOIP?

4 Q. Yes.

5 A. Yes.

6 Q. So would it be fair to say that you've sold  
7 the VOIP program to nine people?

8 A. Yes.

9 Q. How many VOIP programs do you have in your  
10 back office?

11 A. To sell?

12 Q. Yes.

13 A. I don't know the amount when I go to do the  
14 posting of the ads.

15 Q. Would it be over --

16 A. There's no way to know.

17 Q. Would it be over a hundred?

18 A. I don't know.

19 Q. Do you get a certain number of VOIP programs  
20 with each Family Package?

21 A. I know that I receive them but I don't know  
22 the quantity. I haven't taken specific  
23 training about how this works; all I did was  
24 go to the Internet and look at a few videos.



1 Q. Did you help create the VOIP program at all?

2 A. No.

3 Q. Other than the \$100 per week per Family  
4 Package that you receive are you compensated  
5 in any way?

6 MR. THEODOROU: Wait, which means other  
7 than 100 do you get any other money outside  
8 of the hundred per week; what are the --  
9 how -- what are the other ways you make money  
10 or can make money?

11 THE WITNESS: With the Telex?

12 MR. THEODOROU: Yes.

13 (BY MR. LEONE)

14 Q. And, Mr. Alves, you understood counsel's  
15 question in English, correct?

16 A. Yes. When I indicate a promoter it gives me  
17 a hundred dollars per indication; when that  
18 person does a binary I get \$80 and 2 percent  
19 of the earnings that the person I brought in  
20 pays to me, not the person, the company.

21 Q. Any other way?

22 A. No.

23 Q. So in November, approximately November of  
24 2013 you invested \$4,275, how much money have

1           you received since then?

2           A.   \$3,700.

3           Q.   How did you invest that first 4,275, with a  
4           check, with a wire, etc.?

5           A.   It was by transfer.

6           Q.   And could you describe that transfer?

7           A.   I gave the money to the person that invited  
8           me in; he had the money in his back office  
9           and he used it to pay the invoice.

10          Q.   Who was that person that you gave the money  
11          to?

12          A.   Zander.

13          Q.   And did you give cash to Zander?

14          A.   Yes.

15          Q.   And then Zander paid your invoice, correct?

16          A.   Yes.

17          Q.   And what do you mean by an invoice?

18          A.   When you sign in the computer generates a  
19          number for you to pay.

20          Q.   Okay, when the computer generates the number  
21          for you to pay, what's that number?

22          A.   It's the process that you use to pay to  
23          activate the package.

24          Q.   And do you know if Zander took the cash that

1           you gave him and then gave it to the company?

2           A.    I don't think so because I think he used the  
3                bonus that he had in his back office to pay  
4                for it.

5                MR. THEODOROU: Which is money he had  
6                made?

7                THE WITNESS: Yes.

8           (BY MR. LEONE)

9           Q.    You mentioned the term "binary," what does  
10                the term binary mean in terms of the  
11                TelexFREE program?

12           A.    When you buy three packages that makes up  
13                what is called a pair or a binary.

14           Q.    And what does the binary get for a person who  
15                is invested in TelexFREE?

16           A.    Eighty dollars each time that you make one.

17           Q.    When you make one pair?

18           A.    Yes.

19           Q.    So Zander Lemos introduced you to TelexFREE,  
20                have you introduced anybody to TelexFREE?

21           A.    The people whose names I mentioned, those are  
22                the people to whom I sold the product.

23           (BY MR. NEELON)

24           Q.    So those people all purchased Family Packages

1 as well?

2 A. Yes.

3 (BY MR. LEONE)

4 Q. Have some of those individuals purchased more  
5 than one Family Package through you?

6 A. Yes.

7 Q. How many packages have those individuals  
8 purchased?

9 A. It's difficult to say the exact amount, but  
10 Arnolando, for instance, eight; Eva Oliveira,  
11 two; Aguinaldo, 11; Eliana, two.

12 Q. How about Fabio Silva?

13 A. Two; and Antonio, eight.

14 Q. And Watson?

15 A. Five.

16 (BY MR. NEELON)

17 Q. Has anyone ever purchased the VOIP without  
18 purchasing the Family Package from you?

19 A. Yes.

20 Q. And how often has that happened?

21 A. My cousin and I sell to my wife.

22 (BY MR. LEONE)

23 Q. How did you go about bringing the nine people  
24 into TelexFREE?

1 A. I commented to them about the business and  
2 that I was making an extra hundred to 300  
3 dollars a week and they showed -- they  
4 manifested an interest in it.

5 Q. Did you comment in person?

6 A. Yes.

7 Q. Did you comment online?

8 A. Only with Addison, text messages; Addison,  
9 the first time I spoke to him.

10 Q. Did you ever use any Web sites to recruit  
11 additional people into TelexFREE?

12 A. I put one ad on craigslist for it.

13 Q. When did you put that ad on craigslist?

14 A. A month or a month and a half ago, I don't  
15 remember exactly.

16 Q. Does your wife do any recruiting?

17 A. No.

18 Q. Have you ever recruited at the church that  
19 you go to?

20 A. No, we don't talk about this at church.

21 Q. Does TelexFREE supervise your recruitment?

22 A. Can you make that clearer, please?

23 Q. Have you ever received any training from  
24 TelexFREE on how to recruit people?

1 A. No.

2 Q. Does TelexFREE review potential recruits  
3 before allowing you to bring them in?

4 A. No.

5 Q. How are you credited with the recruits that  
6 you bring in?

7 A. It deposits money in the back office.

8 Q. What deposits money in the back office?

9 A. The bonus for the binary and the hundred  
10 dollars for the referral is put into the back  
11 office by the company.

12 Q. How does the company know that you have  
13 referred these people to TelexFREE?

14 A. When you log in it asks you who the sponsor  
15 is.

16 Q. And then do they put your name in?

17 A. Yes.

18 Q. Do they put your full name in or do they put  
19 a user name in?

20 MR. THEODOROU: In your case, though,  
21 they put your wife's name in, though, right?

22 THE WITNESS: The user name.

23 MR. THEODOROU: So when you say your,  
24 you're talking generically?

1 MR. LEONE: With your family, correct,  
2 yes.

3 MR. THEODOROU: I just want to clarify  
4 for the record.

5 MR. LEONE: Thank you.

6 (BY MR. LEONE)

7 Q. What is your user name?

8 A. A-N-J-O-A.

9 Q. Do you supervise any of the people that you  
10 have brought into TelexFREE?

11 A. No, I just show them how to do the posting of  
12 the ads.

13 Q. And how do you show the recruits how to post  
14 the ads?

15 A. I show them how I do mine on the computer.

16 Q. So do they come over to your house and you  
17 show them on your computer?

18 A. Yes, or I go to their house.

19 Q. How about your cousin, he's in Brazil, right?

20 A. I do the posting for him.

21 Q. Other than your cousin Antonio Alves are all  
22 of the other individuals that you mentioned  
23 from Massachusetts?

24 A. No, my brother-in-law is in Brazil.

1 Q. What's your brother-in-law's name?

2 A. Joao Moreira.

3 Q. And do you post the advertisements for him as  
4 well?

5 A. Yes.

6 (BY MR. NEELON)

7 Q. Why do you post their ads for them?

8 A. Because I have no way to show him how to do  
9 the posting of the ads. I tried to  
10 explain -- oh --

11 MR. THEODOROU: You can say it in  
12 English or in whatever you want to say it. Go  
13 ahead.

14 A. I tried to explain to him how to do it by  
15 phone, but he preferred me to do it for him.

16 (BY MR. LEONE)

17 Q. Is TelexFREE also in Brazil?

18 A. No.

19 Q. Was TelexFREE ever in Brazil?

20 A. Based on what I know, yes, it has been.

21 Q. And when did it stop operations in Brazil?

22 A. In the middle part of last year.

23 Q. And was Antonio Alves using TelexFREE Brazil  
24 prior to joining with you?



1 A. No.

2 Q. And was your brother-in-law using TelexFREE  
3 Brazil prior to you bringing him on under  
4 your recruitment?

5 A. No.

6 Q. Do you know why TelexFREE is not operating in  
7 Brazil?

8 A. No.

9 (BY MR. NEELON)

10 Q. Do a lot of people post the ads for friends  
11 or family members in Brazil?

12 A. I don't know. I don't know because as it was  
13 in Brazil, the company, some people were  
14 already part of the company then, and then he  
15 knows how the system works.

16 Q. How do you get money to your brother-in-law  
17 through posting his ads?

18 A. He uses eWallet which keeps his records and  
19 then he receives the money in Brazil through  
20 the eWallet card, like an ATM card.

21 Q. So he's able to withdraw his funds from the  
22 back office to his eWallet?

23 A. Yes.

24 Q. And then it transfers to his bank account?

1 A. Yes.

2 (BY MR. LEONE)

3 Q. The card that you mentioned, is that linked  
4 with his bank account?

5 A. Yes.

6 Q. Do you also use the eWallet?

7 A. Yes.

8 Q. Have you always used the eWallet?

9 A. No.

10 Q. What other payment methods did you use?

11 A. I can use the money to pay for the signing up  
12 of another person.

13 Q. And that's -- the signing up of another  
14 person is done through the back office not  
15 the eWallet, correct?

16 A. Yes.

17 Q. Have you ever transferred money from your  
18 back office to your eWallet to a bank  
19 account?

20 A. I still haven't, no; I haven't yet done that.

21 Q. Have you withdrawn any money from the eWallet  
22 as of today?

23 A. No.

24 Q. Is there any reason why you have not

1           withdrawn any money yet?

2           A.    No.   I'm waiting to get back the money I  
3           invested before I take any money out.

4           Q.    Have you paid for any other individual's  
5           invoice?

6           A.    Yes.

7           Q.    How many persons have you paid invoices for?

8           A.    Fabio, Eva.

9           Q.    Is that all?

10          A.    Yes.

11          Q.    And then Fabio has -- let's start with Fabio,  
12          has Fabio paid you outside of the TelexFREE  
13          network for paying his invoice on the  
14          TelexFREE network?

15          A.    Yes.

16          Q.    And how much has Fabio paid you?

17          A.    A thousand four hundred twenty-five.

18          Q.    And how did he pay you?

19          A.    In cash.

20          Q.    When did he pay you?

21          A.    December.

22          Q.    I believe you said that you also paid for  
23          Eva's invoice, correct?

24          A.    Yes.

1 Q. And did Eva pay you outside of that TelexFREE  
2 network for paying her invoice inside of the  
3 network?

4 A. Yes.

5 Q. And how much did she pay you?

6 A. I didn't have the money to pay her entire  
7 invoice; it was up to 2000, so I got the rest  
8 transferred from another login and I paid her  
9 invoice.

10 Q. What was the other login that you used to  
11 transfer -- what are you transferring when  
12 you transfer to pay an invoice?

13 A. The money.

14 Q. So from what other login did you transfer to  
15 pay the remainder of Eva's invoice?

16 A. My cousin -- no, brother-in-law.

17 Q. So did Eva pay you and your brother-in-law  
18 outside of the network?

19 A. Yes, because I didn't have all the money I  
20 needed to pay both her invoices.

21 Q. And how did Eva pay you?

22 A. In cash.

23 Q. And when did she pay you?

24 A. It was the end of January, end of

1 December/January, beginning of January.

2 Q. And how did she pay your brother-in-law in  
3 Brazil?

4 MR. THEODOROU: If you know. Do you  
5 know how she paid your brother-in-law?

6 THE WITNESS: No.

7 (BY MR. LEONE)

8 Q. Do you know if she paid your brother-in-law?

9 A. I believe she did because otherwise he would  
10 have said something to me.

11 Q. How much money is currently in your eWallet?

12 MR. THEODOROU: About how much.

13 A. Four hundred/five hundred dollars.

14 (BY MR. LEONE)

15 Q. And have you used any other program to  
16 transfer cash within the TelexFREE network  
17 other than the eWallet program?

18 THE INTERPRETER: Within the?

19 MR. LEONE: TelexFREE network.

20 A. No.

21 (BY MR. LEONE)

22 Q. Did you help create the eWallet program?

23 A. No.

24 MR. LEONE: The time is now 12:10, let

1 me go off the record.

2 (Whereupon, the parties go off the  
3 record.)

4 MR. LEONE: The time is now 1:03, we are  
5 now back on the record. I'd like to note  
6 that Timothy O'Hara has joined the parties  
7 today. Mr. O'Hara is an attorney with the  
8 Division.

9 (BY MR. LEONE)

10 Q. Mr. Alves, before we broke we were discussing  
11 certain individuals that you had recruited to  
12 TelexFREE and you had mentioned a brother-in-  
13 law, correct?

14 THE INTERPRETER: What's his name,  
15 Antonio?

16 A. That's right.

17 (BY MR. LEONE)

18 Q. What is his TelexFREE user name?

19 A. Seven four Moreira, M-O-R-E-I-R-A.

20 Q. I believe you testified that your cousin was  
21 also an individual that you recruited to  
22 TelexFREE, correct?

23 A. Yes.

24 Q. What is your cousin's TelexFREE user name?

1           A.     The same as I have, A-N-J-O-3.

2                     MR. LEONE: I would like to introduce  
3           Exhibit 1, which is a one-page document.

4                     (Whereupon, Exhibit No. 1, One-Page  
5           Document, was marked for identification.)

6                     MR. LEONE: Mr. Alves, if you could  
7           please take a moment to review document  
8           number -- Exhibit No. 1 and when you have a  
9           moment if you could look up.

10                    (Witness views document.)

11           (BY MR. LEONE)

12           Q.     Mr. Alves, have you had a chance to review  
13           Exhibit 1?

14           A.     Yes, this was what I posted on craigslist on  
15           the Internet.

16           Q.     So you have seen this document before?

17           A.     That's what I went to the Internet and I  
18           copied it and posted it on craigslist.

19           Q.     Okay, let's back up for one moment. Could  
20           you please read the last sentence of the  
21           document? It begins with, "If you want."

22                    MR. THEODOROU: As best you can, you  
23           know. You want him to read it aloud or --

24                    MR. LEONE: Yes, please.

1 MR. THEODOROU: Oh, okay.

2 A. The company -- Portuguese or...

3 (BY MR. LEONE)

4 Q. In English, if you could.

5 A. The company is doing --

6 MR. THEODOROU: You want the last  
7 sentence?

8 MR. LEONE: The last sentence, please.

9 MR. THEODOROU: The last sentence, "If  
10 you want."

11 A. If you want to know more about this fantastic  
12 business that it's revolution the lives of  
13 many people, it will be a pleasure to help  
14 you.

15 (BY MR. LEONE)

16 Q. And is there a number underneath that  
17 sentence?

18 A. Yes, my number.

19 Q. And what is that number?

20 A. My phone number.

21 Q. The sentence that you read prior, what does  
22 that sentence mean?

23 A. That if somebody called me and I couldn't  
24 respond to them I pass it to the upline



1 person to respond to them.

2 Q. Did you make this post? Did -- Mr. Alves,  
3 did you make this post on craigslist?

4 A. Yes; I copied it and then I posted it.

5 Q. What did you copy?

6 A. Number 1 through No. 9.

7 Q. And could you describe what you mean by No. 1  
8 through No. 9?

9 A. I researched it on the Internet, I got it, I  
10 wrote it, I copied it, and I pasted it.

11 Q. And by No. 1 through No. 9 you mean the text  
12 that reads starting with No. 1, ad placement  
13 payment, to No. 9, hotel company shares,  
14 correct?

15 A. Yes.

16 Q. Where did you get this information?

17 A. I went to Google.

18 Q. And where did you go once you went to Google?

19 A. I went to Google and I put in TelexFREE;  
20 various sites came up with the TelexFREE.

21 Q. Do you mean the TelexFREE.com Web site?

22 A. That's right, I put TelexFREE.com in Google.

23 Q. Which Web site did you get the information  
24 contained from No. 1 to No. 9 on this

1 craigslist post?

2 A. I put in TelexFREE and I got a number of  
3 referrals, hits, and I don't remember the  
4 exact address of the site, but that's how I  
5 found it and I clicked on it and it took me  
6 to this.

7 Q. And then once you went to that site with this  
8 information what did you do next?

9 A. Can you clarify?

10 Q. So you went to a Web site that had  
11 information on it after you typed  
12 TelexFREE.com into Google, correct?

13 A. Yes.

14 Q. And you eventually went to a site that had  
15 this information contained in Exhibit 1 on  
16 it, correct?

17 A. Yes.

18 Q. When you got to that site what did you do  
19 with that information?

20 A. I read it and I copied it and I got the idea  
21 of posting it on craigslist.

22 MR. THEODOROU: Did this come from the  
23 Telex site?

24 THE WITNESS: No.

1 MR. THEODOROU: No, okay.

2 (BY MR. LEONE)

3 Q. So this information came from a different  
4 site, correct?

5 A. (Witness moves head up and down.)

6 Q. And did you read through the whole site?

7 A. I read it.

8 Q. I'd like to focus on No. 9, hotel company  
9 shares. The first part, it says, "The  
10 company is doing a joint venture with Best  
11 Western in Brazil"; do you understand that in  
12 English?

13 A. Yes. Yes, in back office it says Best  
14 Western Tijuca.

15 Q. What is your understanding of a joint  
16 venture?

17 A. When the hotel is built it means that people  
18 can share in the profits that the hotel  
19 makes.

20 Q. And how would one share in the profits of the  
21 hotel?

22 A. I don't know how.

23 Q. What hotel is this information referring to  
24 contained on No. 9, hotel company shares?

1 A. It says Best Western hotel.

2 Q. And it also says "the company," who is the  
3 company?

4 A. TelexFREE.

5 Q. In the same section in English it reads,  
6 "TelexFREE and Best Western are building one  
7 new hotel 60 percent complete"; do you see  
8 that and do you understand that?

9 A. Yes.

10 Q. Do you know if this Best Western hotel is 60  
11 percent complete that's being referred to in  
12 this paragraph?

13 A. I don't know if it is 60 percent complete.

14 Q. Have you been to a construction site for the  
15 hotel?

16 A. No.

17 Q. There's a second sentence that begins,  
18 "TelexFREE members will be allowed"; do you  
19 see that?

20 A. Can you make it clearer, the question,  
21 please?

22 MR. THEODOROU: Do you want him to read  
23 the sentence?

24 (BY MR. LEONE)

1 Q. Could you please read the sentence that  
2 begins, "TelexFREE members will be allowed to  
3 purchase"?

4 A. TelexFREE members will be allowed to purchase  
5 shares in this venture from October 13, 2013.

6 Q. And could you continue to read, please?

7 A. And receive income from these shares for 11  
8 year period. Those shares are reserved for  
9 TelexFREE partners prior to being offered to  
10 the general public.

11 Q. What does that sentence mean or those  
12 sentences mean that you just read?

13 A. That people will have profit sharing with the  
14 hotel for a period of 11 years.

15 Q. And who would have profit sharing?

16 A. The people who acquire shares, stocks of the  
17 hotel.

18 Q. In this document who does it say can acquire  
19 those shares?

20 A. TelexFREE members.

21 Q. Do you know anybody who purchased these  
22 shares?

23 A. No.

24 Q. Do you know how much these shares cost?

1 A. No.

2 Q. Do you know anyone who's receiving income  
3 from any shares?

4 A. No.

5 Q. Other than this post here, No. 9, hotel  
6 company shares, have you -- I believe you  
7 said that it's also in the back office that  
8 identifies a hotel, correct?

9 A. Yes.

10 Q. Are the two -- are the craigslist post and  
11 the back office related?

12 A. No, not as far as I know.

13 Q. Does the craigslist post reference a  
14 different hotel than is referenced in the  
15 back office link?

16 A. In the one on back office it says Best  
17 Western Tijuca, which is a city, I think, in  
18 Rio de Janeiro where it's being built.

19 Q. Have you heard anyone else from TelexFREE  
20 mentioning hotel company shares?

21 A. No.

22 Q. But you saw this on a different Web site,  
23 correct?

24 A. Yes.

1 Q. And that was available online?

2 A. Yes.

3 Q. Did you need a password to see that Web site?

4 A. No.

5 Q. And did you need a password to see your  
6 craigslist post?

7 A. No.

8 Q. So this craigslist post was available to  
9 anybody on the Internet, correct?

10 A. Yes.

11 Q. On the back office Best Western TelexFREE  
12 Tijuca link that you mentioned can you click  
13 on that?

14 A. Yeah, you can click on it but I was never  
15 curious enough to do that to see what was in  
16 it.

17 Q. Do you know anyone else who has clicked on  
18 that link?

19 A. No.

20 Q. Have you seen anything on any TelexFREE.com  
21 Web site or Web site page referencing a Best  
22 Western hotel?

23 MR. THEODOROU: Other than when he sees  
24 in the back office?

1 MR. LEONE: Let me rephrase the  
2 question.

3 (BY MR. LEONE)

4 Q. Other than what you see in the back office  
5 have you seen any reference to a Best Western  
6 hotel on TelexFREE.com?

7 A. Only this one that I got through Google from  
8 the TelexFREE site.

9 MR. THEODOROU: When you say -- may I  
10 ask him?

11 MR. LEONE: At the end, Counsel, we'll  
12 let you clarify.

13 MR. THEODOROU: Oh, at the end of the  
14 deposition?

15 MR. LEONE: Yes.

16 MR. THEODOROU: Okay.

17 MR. LEONE: We'll give you a chance  
18 to --

19 MR. THEODOROU: Are you coming close to  
20 the end?

21 MR. LEONE: Yes.

22 MR. THEODOROU: I was just going to see  
23 if I can help clarify.

24 MR. LEONE: Why don't you go ahead,



1 Counsel, sure.

2 MR. THEODOROU: When you say this -- you  
3 said this did not come from a Telex site?

4 THE WITNESS: No.

5 MR. THEODOROU: But you saw it on  
6 another site?

7 THE WITNESS: On Google, yeah.

8 MR. THEODOROU: All right, I think the  
9 question was -- and the Telex site makes  
10 reference to a Best Western, right, in the  
11 back office?

12 THE WITNESS: Yeah, they have in back  
13 office.

14 MR. THEODOROU: Did you see Best Western  
15 on any other site other than the one you  
16 looked at and the Telex -- and the -- other  
17 than the back office site and the other site  
18 that you saw this on --

19 THE WITNESS: No.

20 MR. THEODOROU: -- and I'm referring to  
21 Exhibit 1 when I say exhibit, did you see it  
22 on any other site?

23 THE WITNESS: No.

24 MR. THEODOROU: Okay.

1 (BY MR. LEONE)

2 Q. When you saw this information on the other  
3 site did you understand what was being said?

4 A. Yes.

5 MR. THEODOROU: When you say what was  
6 being said, as to what?

7 MR. LEONE: What was being written.

8 MR. THEODOROU: What was being written,  
9 okay.

10 (BY MR. LEONE)

11 Q. Certainly, so let me rephrase, Mr. Alves,  
12 when you saw this information on the other  
13 Web site that you mentioned did you  
14 understand what was being written when you  
15 copied and pasted it onto this craigslist  
16 post?

17 A. Yes.

18 Q. Is there a location for this craigslist post  
19 anywhere on this document?

20 A. Could you ask the question again?

21 Q. Sure. Drawing your attention near the bottom  
22 of the post, is there a location listed?

23 A. Broadway at Everett.

24 Q. Is there any other location listed?

1 A. Not that I know.

2 Q. Below the line Broadway and Everett do you  
3 see the word "location" in English?

4 A. Yes.

5 Q. And is there a location listed after that?

6 MR. THEODOROU: Do we have a magnifying  
7 glass so we can read it? Can you read it?

8 THE WITNESS: Mm-hm.

9 A. There is an office where I went to register  
10 which is on Everett.

11 (BY MR. LEONE)

12 Q. An office where you went to register for  
13 what?

14 A. An office by TelexFREE where they rent a  
15 space and they make presentations there.

16 Q. And this is in Everett, Massachusetts?

17 A. Yes.

18 Q. Who goes there?

19 A. People who want to participate or be in --  
20 receive presentations

21 Q. Who from TelexFREE goes there?

22 A. I'm not part of the office but I went there  
23 to be an audience member for a presentation.

24 Q. Where is the office located?

- 1 A. 425 Broadway.
- 2 Q. Everett, Massachusetts?
- 3 A. Yes.
- 4 Q. When did you go to a presentation at this
- 5 office?
- 6 A. When I went to sign up to register.
- 7 Q. How big is the office?
- 8 A. Two rooms that are the size of this room.
- 9 Q. And how big would you say this room is in
- 10 terms of feet?
- 11 A. Ten by 15.
- 12 Q. And you went to a presentation, you said?
- 13 A. Yes, when I signed up to do it and he got
- 14 ahold of me and he showed me how to do the
- 15 ads.
- 16 Q. Who is he?
- 17 A. Zander.
- 18 Q. Did Zander ever mention anything about a
- 19 hotel?
- 20 A. No.
- 21 Q. At the top of the craigslist post there is a
- 22 picture of a lady, correct?
- 23 A. Yes.
- 24 Q. What is that picture describing?

1 A. That you're going to receive your money a  
2 hundred percent guarantee.

3 (BY MR. O'HARA)

4 Q. A couple of questions for you, Mr. Alves.  
5 The room at 425 Broadway or the office at 425  
6 Broadway, I believe you testified that you  
7 attended a presentation at this office space?

8 A. Yes, basically it was; it was a presentation  
9 basically how to post the ads.

10 Q. Okay, how did you know -- or, excuse me, who  
11 invited you to this meeting at 425 Broadway?

12 A. Zander.

13 Q. Did this meeting occur before or after you  
14 had enjoyed TelexFREE as a representative?

15 A. Did I participate in some meeting before?

16 MR. THEODOROU: No, were you -- had you  
17 already joined; when you went there had you  
18 already joined or had your wife already  
19 joined Telex.

20 A. It was the day that I went to sign up.

21 (BY MR. O'HARA)

22 Q. Okay. How many people attended this meeting  
23 with you?

24 A. That went to go to that meeting, it was just

1 me and my wife.

2 Q. How many people were at the meeting with you  
3 and your wife learning how to post the ads?

4 A. It was just me and my wife the day that I  
5 went to sign up.

6 Q. So the meeting was basically made just for  
7 you and your wife?

8 A. Yes, because when I signed up I asked him to  
9 explain to me how the posting was done.

10 Q. Do you know if meetings were held to promote  
11 the TelexFREE business at this location, 425  
12 Broadway?

13 A. As far as I know, no. When I went to  
14 register or sign up people that I had brought  
15 in, that was where I went, but as far as  
16 meetings explaining to other people how it  
17 works, no.

18 Q. Thank you.

19 (BY MR. LEONE)

20 Q. Directing your attention back to Exhibit 1,  
21 which parts of Exhibit 1 did you not copy and  
22 paste from a different Web site?

23 MR. THEODOROU: I'm not so sure I  
24 understand --

1 MR. LEONE: Let me back up then.

2 MR. THEODOROU: -- the question.

3 MR. LEONE: Sure.

4 (BY MR. LEONE)

5 Q. Mr. Alves, I believe you testified that  
6 certain portions of Exhibit 1 you copied from  
7 other Internet sites, correct?

8 A. Yes.

9 Q. Did you copy and paste all of the information  
10 on Exhibit 1?

11 A. Only the last sentence did I not copy and  
12 paste.

13 Q. With the phone number, correct?

14 A. Yes.

15 MR. THEODOROU: Did all the rest get  
16 copied, was it all from -- when you copied  
17 this was it all together?

18 THE WITNESS: Yes.

19 MR. THEODOROU: So just so the record is  
20 clear, so when you copied from the top all  
21 the way down to where you put the number, it  
22 was all one?

23 THE WITNESS: Yep.

24 MR. THEODOROU: All together?

1 THE WITNESS: Not the picture.

2 MR. THEODOROU: Not the picture?

3 THE WITNESS: Yep, but I take the  
4 picture from the Internet.

5 MR. THEODOROU: Okay, but other than the  
6 picture, everything else came together?

7 (BY MR. LEONE)

8 Q. Aside from the last sentence, correct?

9 A. Yes.

10 Q. So the sentence: If you want to know more  
11 about this fantastic business that is  
12 revolutionizing the lives of many people it  
13 will be a pleasure to help you; and then 617-  
14 438-9124, that you wrote, yes or no?

15 A. Yes.

16 MR. THEODOROU: Can I clarify that?

17 MR. LEONE: It's pretty clear that he  
18 said yes, Counsel.

19 MR. THEODOROU: Well, I'm not so sure  
20 the question was clear.

21 MR. LEONE: We'll give you a chance at  
22 the end to clear it up, okay?

23 MR. THEODOROU: Okay.

24 (BY MR. LEONE)



1 Q. Mr. Alves, does this document also describe  
2 TelexFREE compensation?

3 A. Yes.

4 Q. Does it describe multiple compensation  
5 streams?

6 A. Yes.

7 Q. Which ones does it describe?

8 A. Number 1.

9 Q. And if you could read it as you go along,  
10 just the number and the heading.

11 A. A contract allowing you to post one ad per  
12 day and earn a commission up to 20 per week  
13 or \$1,040 for up to 52 weeks.

14 Q. Where were you reading from? So one of the  
15 income streams that's being described is No.  
16 1, ad placement payment, correct?

17 A. Yes.

18 Q. Are there any others described?

19 A. Number 3.

20 Q. Any others?

21 A. Number 4 and No. 6 and No. 8 and No. 9 that  
22 talks about the hotel.

23 Q. Thank you.

24 (BY MR. O'HARA)

1 Q. Just going back, Mr. Alves, to the image at  
2 the top of the exhibit, I believe you  
3 testified that you took this image from  
4 someone else on the Internet; is that  
5 correct?

6 A. Yeah, that was through Google I put in  
7 TelexFREE picture or photograph and pictures  
8 came up.

9 Q. Did this picture here appear on the  
10 TelexFREE.com Web page?

11 A. Yes; no, not in my back office but yes, on  
12 the site.

13 Q. TelexFREE.com Web site?

14 A. Yes.

15 Q. Okay. And on this image here that we see on  
16 Exhibit 1 there is a woman and behind her  
17 there is some sort of design; do you see  
18 that?

19 A. Yes, it's the sign of TelexFREE.

20 Q. How do you know that?

21 A. Because when you open my back office it's  
22 there.

23 Q. Okay, thank you.

24 (BY MR. LEONE)

1 Q. You don't need a password to go onto the  
2 TelexFREE.com Web site, do you?

3 A. No.

4 MR. LEONE: Okay, I'd like to collect  
5 Exhibit 1.

6 MR. THEODOROU: Can I hold it until I  
7 ask a question?

8 MR. LEONE: You can ask it again and  
9 then we'll give it back to you.

10 MR. THEODOROU: Okay.

11 MR. LEONE: Thank you. I believe,  
12 Counsel, you may have made some notes on  
13 this?

14 MS. HOLLAND: Yes, I did.

15 MR. LEONE: Okay.

16 (BY MR. LEONE)

17 Q. Mr. Alves, how do you know Bobby O. Silva?

18 A. We worked together.

19 Q. Worked together where?

20 A. In construction, in plastering.

21 Q. Is Mr. Silva also involved in TelexFREE?

22 A. Yes.

23 Q. And does he live in Massachusetts?

24 A. Yes.

1 Q. Where does he live?

2 A. The current address I don't know, but he used  
3 to live -- he used to be my neighbor and live  
4 below in Apartment 21.

5 Q. When did he move out?

6 A. Three or four months ago.

7 Q. Do you know what town he lives in now?

8 A. Somerville.

9 Q. When was the last time you worked with Mr.  
10 Silva?

11 A. In the company a few months ago -- a month  
12 ago.

13 Q. And how about out of the company?

14 A. Huh?

15 Q. And out of the company do you work with him  
16 as well?

17 A. When I had the company we worked together.

18 Q. Is Mr. Silva only involved in TelexFREE for  
19 your recruitment of him?

20 A. Yes.

21 Q. Could you describe the management of  
22 TelexFREE?

23 A. You mean the office?

24 Q. Yes.

1 A. When you go in there's a room and there's a  
2 person --

3 Q. I'm sorry --

4 MR. THEODOROU: No, no, he's --

5 (BY MR. LEONE)

6 Q. -- I'm talking about persons, do you know the  
7 persons who are involved in the management of  
8 TelexFREE?

9 A. No.

10 Q. But you've spoken with Mr. Wanzeler, correct?

11 A. No, I only spoke to him once on the phone  
12 when he called me.

13 Q. Are you aware of whether or not Mr. Wanzeler  
14 is part of the TelexFREE management?

15 A. In the back office page it says he's the VP,  
16 the vice president.

17 Q. Okay, does the back office page list any  
18 other persons with titles such as vice  
19 president?

20 A. There are two other names, Jimmy Marie --

21 Q. Could it be Merrill?

22 A. Yes.

23 Q. But does it say Jimmy?

24 A. Yes.

1 Q. And who else?

2 A. And Sann Rodriguez; it says he's the top  
3 promoter.

4 Q. Have you ever met Jimmy Merrill?

5 A. No; I've only seen him in pictures.

6 Q. What is his position, do you know?

7 A. I'm not sure, but I think he may be chairman,  
8 president/chairman.

9 Q. And have you ever met Sann Rodriguez?

10 A. Not personally; I've only seen him in videos  
11 or on presentations on YouTube.

12 Q. Okay.

13 MR. LEONE: All right, at this time  
14 we'll go off the record.

15 (Whereupon, the parties go off the  
16 record.)

17 MR. LEONE: All right, the time is now  
18 1:55 and we are now back on the record.  
19 Counsel, the Division does not anticipate  
20 asking any other questions from its record.  
21 Would you have any questions to clarify with  
22 your client?

23 MR. THEODOROU: I do, thank you.

24 MR. LEONE: Okay.

1 MR. THEODOROU: May I have Exhibit 1?

2 MR. LEONE: I'd like to reintroduce  
3 Exhibit 1.

4 MR. THEODOROU: Okay. Now, Mr. Alves,  
5 you were asked several questions about  
6 Exhibit 1. To clarify the record, all of the  
7 writing on Exhibit 1 you took -- it was all  
8 together, you had testified all of the  
9 writing below this picture was taken all  
10 together from one site, right?

11 THE WITNESS: Yes.

12 MR. THEODOROU: Okay, now, you were  
13 asked about the last sentence, all the words  
14 in this sentence also were taken together  
15 with everything else written here except for  
16 the number, correct?

17 THE WITNESS: Yeah, my cell number.

18 MR. THEODOROU: All right, so that you  
19 did not write these words, you also took  
20 these words with all the rest of the words on  
21 this page, correct?

22 THE WITNESS: Yes.

23 MR. THEODOROU: And you just changed the  
24 number?

1 THE WITNESS: Yeah, just the number.

2 MR. THEODOROU: Now, when you -- you  
3 testified earlier, again clarifying the  
4 record, about a room in Everett that's  
5 mentioned here on Broadway, that room -- it's  
6 your understanding that that room is rented  
7 by Zander -- the promoter who brought Zander  
8 into the company?

9 THE WITNESS: Yeah, that's the promoter  
10 brought him.

11 MR. THEODOROU: All right, so he's the  
12 one who has that room?

13 THE WITNESS: Yes; not Zander, his  
14 promoter.

15 MR. LEONE: So it's not a Telex company  
16 to your understanding?

17 THE WITNESS: No.

18 MR. THEODOROU: Okay, but it's -- a  
19 promoter uses it?

20 THE WITNESS: Yes.

21 MR. THEODOROU: Now, earlier today you  
22 testified, just again to clarify the record,  
23 you testified today about the payment of  
24 invoices, correct?



1 THE WITNESS: Yes, correct.

2 MR. THEODOROU: All right, and so the  
3 payment of invoices, those payment of  
4 invoices you would use whatever was in your  
5 account at Telex, correct, to pay the invoice  
6 and then the person paid you directly?

7 THE WITNESS: Yes, correct.

8 MR. THEODOROU: All right, so it's the  
9 same amount of money on both sides?

10 THE WITNESS: I expect to have a 1099  
11 after the 12 months comes right to me and pay  
12 the taxes.

13 MR. THEODOROU: Okay, again just to  
14 clarify the record, so we got the  
15 presentation, I know you're interested in the  
16 presentations, attending presentations, you  
17 recently attended a presentation, right?

18 THE WITNESS: Yes.

19 MR. THEODOROU: What was the most recent  
20 presentation you attended by the company?

21 THE WITNESS: Can you ask again, please?

22 MR. THEODOROU: When was the most recent  
23 presentation; when was the last time you went  
24 to a company presentation?

1 THE WITNESS: With the real TelexFREE?

2 MR. THEODOROU: Yeah, yeah, well, yeah,  
3 with TelexFREE.

4 THE WITNESS: In their office or --

5 MR. THEODOROU: No, where they did a  
6 presentation.

7 THE WITNESS: I just went once on last  
8 Sunday.

9 MR. THEODOROU: So you only got the one  
10 presentation --

11 THE WITNESS: Yes.

12 MR. THEODOROU: -- that Telex made in  
13 person, right?

14 THE WITNESS: Yeah, they say training,  
15 it's they was charge like \$169 for it was a  
16 full day training. It was --

17 MR. THEODOROU: Because you asked about  
18 the presentations.

19 THE WITNESS: -- at a Marriot Hotel in  
20 Boston. They start at 10 o'clock till 5 p.m.

21 (BY MR. LEONE)

22 Q. Okay, and that was this past Sunday, March  
23 9th?

24 A. March 10, yeah, last Sunday.

1 Q. Okay, and that went all day long?

2 A. Yes.

3 Q. Who presented at that presentation?

4 A. Carlos, Jim, Stevie Labriola, and I think it  
5 was a Spanish guy, I can't remember his name.

6 Q. Okay, and when you say Carlos, you mean  
7 Carlos Wanzeler?

8 A. Yes.

9 Q. And when you say Jim you mean James Merrill,  
10 right?

11 A. Yeah, James.

12 Q. And then Steve Labriola?

13 A. Yes.

14 Q. Who is he?

15 A. I think he's a manager. He's a part of -- he  
16 was the guy speak and explained the new plan  
17 and compensation for the TelexFREE.

18 Q. And that line of questions that your attorney  
19 just asked you and I just asked were in  
20 English; did you understand all of those  
21 questions?

22 A. Not -- I try; some words it's...

23 Q. Would you prefer that we do it again with the  
24 translator?

1 A. Yes, please.

2 MR. THEODOROU: But the questions I  
3 asked, you understand my questions?

4 THE WITNESS: Yes, yes.

5 MR. LEONE: Okay, so the questions  
6 that --

7 MR. THEODOROU: Okay, so when you said  
8 that, Counsel, he's talking about you.

9 THE WITNESS: That's the reason that I  
10 ask him for the translator because some words  
11 I -- you know, if I talk with the people on  
12 the street, you know, it's different.

13 MR. LEONE: Understood.

14 (BY MR. LEONE)

15 Q. Today, the questions that your attorney just  
16 asked you, you understood them, correct?

17 MR. THEODOROU: Did you understand my  
18 questions, Mr. Alves?

19 A. Yes, correct.

20 (BY MR. LEONE)

21 Q. Okay, now I'm going to ask you a few  
22 questions and we are going to use the  
23 translator, the interpreter, okay?

24 A. Yes.

1 Q. So you went to a presentation here at the  
2 Marriott recently, correct?

3 A. Yes, training.

4 Q. And who presented at that training?

5 A. Carlos Wanzeler, James Merrill, and Steve  
6 Labriola, and the other Spanish guy whose  
7 name I don't remember.

8 Q. Okay. And who is Steve Labriola?

9 A. He's part of the management but I don't know  
10 his function.

11 Q. And you also mentioned that there was a  
12 promoter who brought on Zander, correct?

13 A. I think it was Sann Rodriguez that brought  
14 him.

15 Q. Where does Zander live?

16 A. In Saugus.

17 Q. And at the time that Zander joined TelexFREE  
18 where did he live?

19 A. In Watertown.

20 Q. Have you ever met Sann Rodriguez?

21 A. No.

22 Q. Have you heard of other persons involved in  
23 TelexFREE in Massachusetts that have also  
24 been recruited by Sann Rodriguez, other than

1 Zander?

2 A. Know them personally, no, but there are  
3 various persons.

4 Q. How many people would you estimate?

5 A. I don't know how many.

6 (BY MR. O'HARA)

7 Q. Mr. Alves, have you ever received any e-mails  
8 from Sann Rodriguez?

9 A. No.

10 Q. Are you familiar with the term "downline"?

11 A. Yes.

12 Q. What is your understanding of the term  
13 downline in the TelexFREE context?

14 A. When a promoter signs me up or registers me,  
15 I become his downline.

16 Q. And I believe you testified that Zander is  
17 the promoter that signed you up?

18 A. Yes.

19 Q. And I believe you also testified that Sann  
20 Rodriguez is the promoter that recruited  
21 Zander to TelexFREE?

22 MR. THEODOROU: He believes.

23 A. I believe.

24 MR. THEODOROU: He believes.

1 (BY MR. O'HARA)

2 Q. Are you part of Sann Rodriguez's downline?

3 A. Yes.

4 MR. THEODOROU: If his belief is  
5 correct.

6 A. I think all of them, all of us, because they  
7 say that he is the top promoter.

8 (BY MR. O'HARA)

9 Q. What's your basis for your belief that you're  
10 part of Sann Rodriguez's downline?

11 A. Because he signed up a lot of people; because  
12 whenever I hear TelexFREE being talked about  
13 I also hear his name being talked about.

14 Q. How do you know that Zander was recruited to  
15 TelexFREE by Sann Rodriguez?

16 A. I believe that to be true but I'm not  
17 asserting it.

18 MS. HOLLAND: Can we -- could you ask --

19 MR. THEODOROU: I heard Wanzeler.

20 MS. HOLLAND: Yeah, I did, too. Could  
21 you please repeat the question?

22 THE INTERPRETER: Didn't I say Wanzeler?

23 MR. THEODOROU: You said Wanzeler.

24 (BY MR. O'HARA)

1 Q. Okay, my question was, I believe my question  
2 if I can remember it correctly was --

3 MR. LEONE: Why don't we have the court  
4 reporter -- could you please read it back?

5 (Whereupon, the record was off the  
6 record.)

7 MR. LEONE: Could you please translate  
8 that?

9 THE INTERPRETER: Is that correct?

10 MR. LEONE: Could you please translate?

11 MS. HOLLAND: Rodriguez, not Wanzeler,  
12 Rodriguez.

13 THE INTERPRETER: Oh, I'm sorry.

14 MS. HOLLAND: Rodriguez.

15 A. I didn't assert it but I believe it to be  
16 true. I think he's his upline.

17 (BY MR. O'HARA)

18 Q. Why do you think that?

19 A. Because he -- I suppose it is because on the  
20 site he says that he's the top promoter and  
21 he has recruited thousands and thousands of  
22 people.

23 Q. Previously in your testimony you stated that  
24 Sann Rodriguez was paying the rent on this



1 office location at 425 Broadway; is that  
2 correct?

3 A. Yes.

4 Q. Why do you think that Sann Rodriguez was  
5 paying the rent on the office space at 425  
6 Broadway?

7 A. Because he's the upline of him.

8 (BY MR. LEONE)

9 Q. Was there any signage at that office space?

10 A. When I went there wasn't.

11 Q. Were there computers?

12 A. Yes.

13 Q. One?

14 A. Two.

15 Q. Two computers?

16 A. And a laptop.

17 (BY MR. O'HARA)

18 Q. When you were inside the office space at 425  
19 Broadway did you see anything in the office  
20 that would indicate the office is being used  
21 for business outside of TelexFREE?

22 A. No, I saw nothing that would indicate that.

23 Q. Aside from being at the office for some  
24 training for TelexFREE, was there anything in

1 the office indicating that TelexFREE business  
2 was being conducted from the office at 425  
3 Broadway?

4 A. There was the computers, there was a TV.

5 (BY MR. LEONE)

6 Q. Other than working for TelexFREE, do you know  
7 if Sann Rodriguez has any other job?

8 A. No.

9 (BY MR. O'HARA)

10 Q. Okay, I'd like to go back to the presentation  
11 that took place on last Sunday. I believe  
12 you testified that there was a cost to attend  
13 the training session?

14 A. Yes.

15 Q. Did you pay to attend the training?

16 A. Yes, I paid through back office where I  
17 bought the ticket.

18 Q. Thank you. Can you tell us what topics were  
19 discussed at Sunday's training?

20 A. They presented the new product they have  
21 which is new app, a new application, which is  
22 similar to What's Up or Skype.

23 MS. HOLLAND: Say it one more time. I  
24 think the translation got lost; WhatsApp, I

1 believe.

2 THE WITNESS: Yeah, WhatsApp.

3 MS. HOLLAND: WhatsApp, yeah.

4 THE WITNESS: They have the same thing  
5 as Skype; you can do like voice or call for  
6 the other --

7 THE INTERPRETER: I just asked him to  
8 talk in Portuguese.

9 MR. THEODOROU: Well, that's okay, he's  
10 my client; if he understands I'm going to let  
11 him speak in English sometimes because I  
12 think it's getting clearer. Go ahead.

13 A. They talked about the new plan, the changes,  
14 and they're thinking of launching a product  
15 called Telex Mobile.

16 (BY MR. O'HARA)

17 Q. So is it fair to say that they were  
18 explaining new Telex products to the  
19 attendees of the training?

20 A. Yes.

21 Q. At this training presentation was there any  
22 discussion of promoting TelexFREE products?

23 A. Can you clarify the question?

24 Q. During the presentation or during the

1 training were there any presentations on the  
2 manner in which TelexFREE's promoters sell  
3 the retail products?

4 A. No.

5 Q. At the training on Sunday were there any  
6 presentations on how TelexFREE promoters sell  
7 the promoter packages to new recruits of  
8 TelexFREE?

9 A. No.

10 Q. At Sunday's presentation did you receive any  
11 materials such as booklets or pamphlets on --  
12 or by virtue of attending the training?

13 A. They gave me a folder with a notebook and a  
14 pen to take notes.

15 Q. Thank you, and --

16 (BY MR. LEONE)

17 Q. Did you take any notes?

18 A. No. They talked and talked, they presented  
19 the product, they sent us to lunch, came  
20 back, and that's when they presented their  
21 new product.

22 (BY MR. O'HARA)

23 Q. Thank you. And when you attended the  
24 training did you have to sign in?

1 A. When I bought the ticket over the Internet  
2 and then I showed up at the event they gave  
3 me a blue bracelet to put on my wrist.

4 Q. In order to get the bracelet did you have to  
5 present them -- did you have to present  
6 TelexFREE with a proof of purchase to attend?

7 A. Yes, I had to show them the paper on which  
8 was printed the receipt that I -- and the  
9 fact that I bought it. They were saying that  
10 there were some 3,000 people at the event.

11 Q. Based on your attendance at the event how  
12 many people would you estimate attended?

13 A. More than 2,000.

14 Q. Was the presentation all conducted in one  
15 room for all attendees?

16 A. Yes.

17 (BY MR. LEONE)

18 Q. In what language was the presentation given?

19 A. It was in English, but for those that didn't  
20 understand they had earphones so they could  
21 hear the interpreter interpreting.

22 (BY MR. O'HARA)

23 Q. What were you provided for lunch at the  
24 presentation?

1           A.     Chicken with mashed potato and a seafood  
2                 soup.

3                 MR. LEONE: I'd like to collect Exhibit  
4                 1. Counsel, is there anything that you'd  
5                 like to clarify?

6                 MR. THEODOROU: I have no questions  
7                 regarding the lunch or anything else.

8                 MR. LEONE: Okay. With that, Mr. Alves,  
9                 the Division doesn't have any other questions  
10                today so we are going to suspend your  
11                testimony. We do reserve the right to call  
12                you back in without the issuance of a new  
13                subpoena. Do you understand that?

14                THE WITNESS: Yes.

15                MR. LEONE: And with that we are off the  
16                record. The time is now 2:23.

17                **(Whereupon, the proceeding was suspended**  
18                **at 2:23 p.m.)**

C E R T I F I C A T E

COMMONWEALTH OF MASSACHUSETTS  
COUNTY OF PLYMOUTH, SS

I, DIANNE E. BROWN, CVR-M, a Court Reporter and Notary Public in and for the Commonwealth of Massachusetts, do hereby certify that the foregoing statement of **ANGELO M. ALVES** was taken before me on March 14, 2014. The witness was duly sworn before the commencement of his testimony; that the said testimony was taken audiographically by myself and then transcribed by me. To the best of my knowledge the within transcript is a complete, true, and accurate record of said On-The-Record Interview.

I am not connected by blood or marriage with any of the said parties, nor interested directly or indirectly in the matter in controversy.

In witness whereof, I have hereunto set my hand and Notary Seal this 17th day of March 2014.

---

Dianne E. Brown, CVR-M  
Notary Public  
My Commission Expires:  
August 12, 2016